

**City Pension Fund for Firefighters and Police Officers  
in the City of Miami Beach**

**SUMMARY PLAN DESCRIPTION**



**In the event of any discrepancy between the Summary Plan Description  
and the actual provisions of the plan, the plan shall govern.**

**PREPARED MARCH 2014**

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS  
IN THE CITY OF MIAMI BEACH**

**SUMMARY PLAN DESCRIPTION**

**PREPARED MARCH 2014**

*As much as possible, this Summary Plan Description has been written in non-technical terms, avoiding the formal language of the pension plan. If questions of interpretation arise as a result of the attempt to make such administrative or technical information easy to understand, the pension plan remains, as it must, the final authority. The information provided in this Summary Plan Description is based on the pension plan in existence as of September 30, 2013, and is subject to modification based upon changes in the plan, subsequent interpretations of the plan and changes in other laws that affect the plan. Individual Trustees are not agents of the plan. The Board of Trustees is not responsible for erroneous information provided by an individual Trustee or provided by any other person purportedly representing the plan, except as specifically set forth in a writing executed by the Chairman or Administrator.*

CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS  
IN THE CITY OF MIAMI BEACH

SUMMARY PLAN DESCRIPTION

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**NAME OF PLAN**

City Pension Fund for Firefighters and Police Officers in the City of Miami Beach

**BUSINESS ADDRESS OF PLAN**

Fire and Police Pension Office  
1691 Michigan Avenue, Suite 355  
Miami Beach, Florida 33139-2573  
(305) 673-7039

**PLAN YEAR**

The Plan year begins October 1<sup>st</sup> and ends September 30<sup>th</sup> of each year. The records of the Plan are maintained on the same fiscal basis.

**PLAN ADMINISTRATION**

The general administration and responsibility for the proper operation of the Pension Plan and for making effective the provisions of the Plan are vested in a Board consisting of nine persons, as follows:

- Three (3) Trustees elected from the membership of the Fire Department
- Three (3) Trustees elected from the membership of the Police Department
- Three (3) Trustees appointed by the Mayor from the City Administration

The term of office for the elected Trustees is two (2) years.

Each Trustee is entitled to one (1) vote on the Board. Five (5) votes shall be necessary for a decision by the Trustees at any meeting of the Board.

Regular meetings of the Board of Trustees are scheduled on the third (3<sup>rd</sup>) Thursday of each month at the Fire and Police Pension Office at 8:30 A.M.

The Trustees shall serve without compensation, but they may be reimbursed for all necessary expenses which they may actually incur through services on the Board.

## **BOARD OF TRUSTEES**

Chairman - Richard E. Gullage  
Secretary - Paul D. Johnson

### **Fire Department - Three (3) Members** - Serving a Two (2) Year Term Elected by Fire Department Plan Members and Retirees

David J. Frazier, Jr.  
Firefighter I

Paul D. Johnson  
Firefighter I

Sidney W. Reese, III  
Firefighter I

### **Police Department - Three (3) Members** - Serving a Two (2) Year Term Elected by Police Department Plan Members and Retirees

Richard M. Clements  
Police Captain

Richard E. Gullage  
Police Lieutenant

James D. Nolan  
Sergeant of Police

### **City Administration - Three (3) Members** - Appointed by the Mayor

Lynn W. Bernstein  
Public Works Outreach Coordinator

Kathie G. Brooks  
Assistant City Manager

Debora J. Turner  
First Assistant City Attorney

## **AGENT FOR SERVICE OF LEGAL PROCESS**

The Chairman of the Board is the Agent for Service of legal process, or in the absence of the Chairman, the Agent for Service of legal process is the Secretary of the Board.

## **PROFESSIONAL SERVICE PROVIDERS AND CONSULTANTS**

The Board may engage such services from professionals and consultants as the Board feels are required to transact the business of the System. Professionals and consultants employed by the Board are:

### **EXECUTIVE DIRECTOR**

Celia B. Locke, CEBS  
Executive Director  
Fire and Police Pension Office  
1691 Michigan Avenue, Suite 355  
Miami Beach, FL 33139-2573  
(305) 673-7039

### **LEGAL COUNSEL**

Stephen H. Cypen, Esq.  
Cypen & Cypen  
777 Arthur Godfrey Road, Suite 320  
Miami Beach, FL 33140  
(305) 532-3200

### **CERTIFIED PUBLIC ACCOUNTANT**

Clement J. Johns, C.P.A., Director  
Goldstein Schechter Koch & Co., P.A.  
4000 Hollywood Blvd., Suite 215 South  
Hollywood, FL 33021-6754  
(954) 989-7462

### **CONSULTING ACTUARY**

Lawrence F. Wilson, ASA, EA, MAAA  
Senior Consultant and Actuary  
GRS Gabriel Roeder Smith & Company  
One East Broward Blvd., Suite 505  
Fort Lauderdale, FL 33301-1804  
(954) 527-1616

## **MONEY MANAGERS**

Henry P. Renard  
Executive Vice President  
Inverness Counsel, LLC  
845 Third Avenue  
New York, NY 10022  
(212) 207-2107

Wayne T. Owen  
Chief Executive Officer  
RhumbLine Advisers  
265 Franklin Street, 21st Floor  
Boston, MA 02110-3326  
(617) 345-0434

Thomas G. Egan  
Assistant Vice President  
Account Manager  
Wellington Mgmt. Company, LLP  
280 Congress Street  
Boston, MA 02210  
(617) 289-3194

Jeffrey S. McDaniel  
Client Account Manager  
J.P. Morgan Investment Mgmt. Inc.  
460 Polaris Parkway- OH1-1235  
Westerville, OH 43082  
(614) 901-1457

Dana H. Stewardson  
Portfolio Manager  
Logan Capital Mgmt., Inc.  
Six Coulter Avenue, Ste. 2000  
Ardmore, PA 19003-2308  
(215) 851-9446

Bridget Tompkins  
Managing Director  
RBC Global Asset Mgmt. (US) Inc.  
100 South Fifth Street, Ste. 2300  
Minneapolis MN 55402  
(612) 376-7000

Brian W. Forth  
Relationship Manager  
WHV Investment Management  
301 Battery Street, Ste. 400  
San Francisco, CA 94111-3203  
(415) 981-6911

Dann Smith, Director  
Wells Capital Management  
401 S. Tryon Street, 5<sup>th</sup> Floor  
Charlotte, NC 28202  
(704) 715-2495

Fred Sherbinsky  
Registered Representative  
ING (Self-Directed DROP Program)  
3201 W. Commercial Blvd., Ste. 211  
Fort Lauderdale, FL 33309  
(954) 486-2236 (800) 233-2989

### **INVESTMENT CONSULTANT**

John McCann, President  
Thistle Asset Consulting  
1321 Piazz Delle Pallottole  
Boynton Beach, FL 33426  
(561) 737-3996

### **CUSTODIAN**

Amed A. Avila, Assistant Vice President  
Fiduciary Trust International of the South  
200 South Biscayne Blvd., Ste. 3050  
Miami, FL 33131  
(305) 372-1260

Continued

**PROFESSIONAL SERVICE PROVIDERS AND CONSULTANTS**

**MEDICAL BOARD**

Anne M. Garami, M.D.  
400 W. 41st Street  
Suite 402  
Miami Beach, FL 33140  
(305) 695-0644

Cornel J. Lupu, M.D.  
4302 Alton Road  
Suite 600  
Miami Beach, FL 33140  
(305) 674-2665

Frank M. Fuentes, M.D.  
306 Arthur Godfrey Road  
Miami Beach, FL 33140  
(305) 673-5100



## **CUSTODIAN**

According to the Plan the City of Miami Beach shall have the custody of and responsibility for any funds, stocks, bonds, notes or other evidences of indebtedness and such custody shall be for the purpose of safekeeping only.

The Custodians employed by the City are:

### **TRUST ACCOUNT**

Fiduciary Trust International  
of the South  
200 South Biscayne Blvd.  
Suite 3050  
Miami, Florida 33131

### **DEMAND (CHECKING) ACCOUNT**

SunTrust Bank, Miami, N.A.  
777 Brickell Avenue  
Miami, Florida 33131-2803

## **RELEVANT PROVISIONS AND REGULATIONS OF FEDERAL, STATE AND LOCAL LAW GOVERNING THE PLAN**

The Plan is a Defined Benefit Plan covering substantially all Police Officers and Firefighters in the City of Miami Beach, created under Chapter 23414, Laws of Florida, Special Act of 1945, as amended through September 30, 2013.

The Plan appears in the Code of the City of Miami Beach, Part I, Charter and Related Special Acts, Subpart B, Related Special Acts, Article IX, "Pension System for Disability and Retirement of Members of Police and Fire Departments."

The Plan is also subject to the provisions of:

- Chapter 175, Florida Statutes, "Municipal Firefighters Pension Trust Funds"
- Chapter 185, Florida Statutes, "Municipal Police Officers Retirement Trust Funds"
- Chapter 112, Florida Statutes, "Public Officers and Employees"
- Various Federal Laws including the Internal Revenue Code

### **MEMBERSHIP TIERS**

Members of the Plan belong to one (1) of the following three (3) tiers depending on their date of employment:

<b>TIER 1</b>	<b>Members hired prior to July 14, 2010</b>
<b>TIER 2</b>	<b>Members hired on or after July 14, 2010, but prior to September 30, 2013</b>
<b>TIER 3</b>	<b>Members hired on or after September 30, 2013</b>

Benefits are defined according to the three (3) tiers listed above. Therefore, each member should ascertain their correct tier in order to accurately determine their benefits.

## **MEMBERSHIP IN THE PLAN**

### **ELIGIBILITY**

Any employee of the City who is an employee as is herein defined is eligible to be a member of the Plan:

### **TIER 1 AND TIER 2**

The term "employee" means any regular member of the Police Department or the Fire Department who has attained regular Civil Service Status in such departments under the official classification of positions in the Classified service of the City, having a rank in such department other than civilian rank and other than the classification of school guard. Unless they have never held classified positions, the Chiefs of the Police and Fire Departments shall be considered employees of this System.

After obtaining regular status, the member must sign a Designation of Beneficiaries form and execute a contract between the member and the City. These documents can be executed at the Fire and Police Pension Office.

A physical examination is required as prescribed by the Board of Trustees; however, results of such examination shall not affect eligibility for membership, but shall be used for proper administration of the Plan by the Board.

Any member who separates from active service with the Fire or Police Departments to accept an appointment to any office in the Unclassified service of the City shall continue to have all the rights, privileges and responsibilities of this System.

### **TIER 3**

The term "employee" means any full-time employee who is certified as a firefighter as a condition of employment in accordance with section 633.35, Florida Statutes, and whose duty it is to extinguish fires, to protect life or to protect property, and any full time employee who is certified or required to be certified as a law enforcement officer in compliance with section 943.1395, Florida Statutes, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic, or highway laws of the State.

The member must sign a Designation of Beneficiaries form and execute a contract between the member and the City. These documents can be executed at the Fire and Police Pension Office.

Any member who separates from active service with the Fire or Police Departments to accept an appointment to any office in the Unclassified service of the City shall continue to have all the rights, privileges and responsibilities of this System.

## **HOW BENEFITS ARE FUNDED**

The Fire and Police Pension Plan is funded by contributions from the members, the City of Miami Beach and income from the invested assets.

## **CONTRIBUTIONS BY MEMBERS**

### **TIER 1 AND TIER 2**

Each member of the Plan contributes 10% of his/her salary.

### **TIER 3**

Each member of the Plan contributes 10.5% of his/her salary.

Salary is defined as base pay, longevity pay, overtime, shift differential and extra compensation allowance such as uniform allowance and any pays which are negotiated as pensionable. Effective July 14, 2010, off-duty pay is pensionable for any member who is eligible for overtime and receives off-duty compensation through the City. Overtime is limited to 300 hours a year.

All contributions are made on a pre-tax basis under Section 414(h) of the Internal Revenue Code.

## **CONTRIBUTIONS BY CITY**

The City must contribute an amount determined by the Plan's actuary to be sufficient, along with the member's contribution, to fund systematically the benefits under the Plan. The City's contribution will vary depending on the experience of the Plan.

The anticipated Administrative expenses required to meet the cost of the Plan will be funded through future normal contributions by the City and will be taken into account in the valuation.

## **BUY BACK OF SERVICE TIME**

### **BUY BACK OF PROBATIONARY SERVICE TIME**

#### **TIER 1 AND TIER 2**

After obtaining regular status, members of the Fire and Police Pension Plan have six (6) months in which to buy back, for creditable pension service time, their respective probationary period without interest; thereafter, interest will be charged at the rate of 3% each year.

#### **TIER 3**

Not Applicable

### **A MEMBER WITH FIVE (5) YEARS OF CREDITABLE PENSION SERVICE TIME MAY PURCHASE:**

- **Pre-employment Military Time** – up to two (2) years of pre-employment military time (calculated at 3% benefit accrual rate for each year)

The purchase of creditable pension service must be completed within 36 months following September 30, 2013, or the date a member completes five (5) years of creditable pension service time, whichever occurs later.

### **Cost of Purchase**

#### **TIER 1 AND TIER 2**

The cost to purchase each year at the 3% accrual rate is 10% of the member's pensionable salary during the 12 calendar months immediately preceding the date of such purchase.

#### **TIER 3**

The cost to purchase each year at the 3% accrual rate is 10.5% of the member's pensionable salary during the 12 calendar months immediately preceding the date of such purchase.

## **RETIREMENT ELIGIBILITY**

### **NORMAL SERVICE RETIREMENT**

#### **TIER 1**

##### **Members who met the eligibility to retire prior to September 30, 2013**

Normal retirement date requirements:

- the attainment of age 50 or
- the sum of the member's age and creditable pension service time equals at least 70 (Rule of 70)

##### **Members who meet the eligibility to retire on or after September 30, 2013**

Normal retirement date requirements:

- the attainment of age 50 or
- the sum of the member's age and creditable pension service time equals at least 70 (Rule of 70). However, a member must attain age 47 to be eligible to meet the "Rule of 70"

#### **TIER 2 AND TIER 3**

Normal retirement date requirements:

- the attainment of age 50 or
- the sum of the member's age and creditable pension service time equals at least 70 (Rule of 70). However, a member must attain age 48 to be eligible to meet the "Rule of 70"

## **TIER 1**

### **NORMAL RETIREMENT BENEFIT**

The monthly benefit that each member will receive if he/she continues employment until their normal retirement date is called the Normal Retirement Benefit.

**Normal Retirement Benefit is calculated as follows:**

#### **Members who met the eligibility to retire prior to September 30, 2013**

3% X FAME X creditable pension service up to 15 years  
Plus  
4% X FAME X creditable pension service after 15 years

Benefit shall not exceed 90% of the final average monthly earnings.

Final Average Monthly Earnings (FAME) is defined as 1/12 of the average of the **two (2) highest paid years** of the member prior to the date of retirement or termination, or the average of the **two (2) last paid years** of the member prior to the date of retirement or termination, whichever produces the greater benefit, after taking into consideration the overtime limit.

#### **Members who meet the eligibility to retire on or after September 30, 2013, but prior to September 30, 2015**

3% X FAME X creditable pension service up to 20 years  
Plus  
4% X FAME X creditable pension service after 20 years

Benefit shall not exceed 85% of the final average monthly earnings.

Final Average Monthly Earnings (FAME) is defined as 1/12 of the average of the **two (2) highest paid years** of the member prior to the date of retirement or termination, or the average of the **two (2) last paid years** of the member prior to the date of retirement or termination, whichever produces the greater benefit, after taking into consideration the overtime limit.

#### **Exceptions:**

For any member who has an accrued benefit of 85% on September 30, 2013, his/her benefit shall not exceed 90%.

For any member who completed a buyback of prior creditable pension service time prior to September 30, 2013, and reaches the 85% maximum benefit prior to age 47, the employee contributions shall cease on the date such employee reaches the 85% maximum benefit, and his/her final average monthly earnings will be frozen as of such date.

#### **Members who meet the eligibility to retire on or after September 30, 2015**

3% X FAME X creditable pension service up to 20 years  
Plus  
4% X FAME X creditable pension service after 20 years

Benefit shall not exceed 85% of the final average monthly earnings.

Final Average Monthly Earnings (FAME) is defined as 1/12 of the average of the **three (3) highest paid years** of the member prior to the date of retirement or termination, or the average of the **three (3) last paid years** of the member prior to the date of retirement or termination, whichever produces the greater benefit, after taking into consideration the overtime limit.

**A member's benefit multiplier for creditable pension service earned before October 1, 2013, shall not be reduced.**

## **NORMAL RETIREMENT BENEFIT**

### **TIER 2**

3% X FAME X creditable pension service up to 20 years  
Plus  
4% X FAME X creditable pension service after 20 years

Benefit shall not exceed 85% of the final average monthly earnings.

Final Average Monthly Earnings (FAME) is defined as 1/12 of the average of the **three (3) highest paid years** of the member prior to the date of retirement or termination, or the average of the **three (3) last paid years** of the member prior to the date of retirement or termination, whichever produces the greater benefit, after taking into consideration the overtime limit.

### **TIER 3**

3% X FAME X creditable pension service up to 20 years  
Plus  
4% X FAME X creditable pension service after 20 years

Benefit shall not exceed 85% of the final average monthly earnings.

Final Average Monthly Earnings (FAME) is defined as 1/12 of the average of the **five (5) highest paid years** of the member prior to the date of retirement or termination, or the average of the **five (5) last paid years** of the member prior to the date of retirement or termination, whichever produces the greater benefit, after taking into consideration the overtime limit.

## **OVERTIME LIMITS – ALL TIERS**

### **For Fire Members:**

The overtime and off-duty limit in the average monthly salary shall be limited in each year to an amount which is equal to 11% of the highest annualized pay rate for the same salary rank that the member is in at time of retirement.

### **For Police Members:**

The overtime and off-duty limit in the average monthly salary shall be limited in each year to an amount which is equal to 11% of the highest annualized pay rate for the same salary rank that the member is in at time of retirement.

However, the 11% limitation in the preceding paragraph shall not apply to any member who holds the rank of Sergeant or Lieutenant on September 30, 2013, or any Police Officer who is promoted into the position of Police Sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015. For these members, the inclusion of overtime and/or off duty in the member's salary for the two (2) highest paid years, or the last two (2) paid years, as the case may be, shall be limited in each year to an amount which is equal to 70% of the difference between the member's annualized pay rate at retirement and the highest annualized pay rate for the next higher salary rank.

In no case can the overtime limit exceed 300 hours for each year.



## **DEFERRED RETIREMENT OPTION PLAN (DROP)**

DROP is a program that allows a member to effectively retire from the pension plan without terminating employment.

This program is available to any member on the first (1<sup>st</sup>) day of any month following the date upon which the member becomes eligible for normal service retirement.

The maximum period for participation in the DROP for members who entered the DROP prior to September 1, 2012, is 36 months (3 years). The maximum period for members who entered the DROP on or after September 1, 2012, is 60 months (5 years). For those members who entered the DROP on or after September 1, 2012, participation may not continue beyond the date when the member's combined years of creditable pension service equals 408 months.

Participation in the DROP is voluntary. As a condition of participation in the DROP, the member must irrevocably agree to terminate employment with the City at the end of the maximum DROP period. The member may elect to terminate employment with the City and participation in the DROP before the maximum period.

If a member elects to participate in the DROP, the following will happen:

- The member's years of creditable pension service and FAME will be determined as of the last day prior to entering the DROP and will be used to calculate the member's normal retirement benefit
- The member will cease to accrue additional normal retirement benefits (except for cost of living under the pension plan)
- The member will no longer be eligible for Disability Retirement or Service Connected Death benefits
- The member's contribution to the pension plan will end
- The member will continue to be an employee of the City and receive all benefits of being an employee of the City

The member's normal retirement benefit will be deposited into the member's DROP account. The member is responsible for selecting the investment options from the investment vehicles provided by the Board. DROP payments will be credited or debited with investment earnings or losses according to the performance of the investment options selected. At the conclusion of the member's participation in the DROP, the member's accumulated DROP balance will be distributed to the member and the member's normal retirement benefit will begin to be paid directly to the member in accordance with the Plan provisions.

If the member should pass away while participating in the DROP, the DROP account balance will be distributed to the member's beneficiary, in addition to any survivor benefits payable by the Plan.

## **COST OF LIVING ADJUSTMENTS**

### **TIER 1**

The normal retirement benefit will increase each year by 2.5%. This cost of living adjustment will be applied annually on the anniversary date of the member's retirement.

#### **Exception:**

Members who entered the DROP on or after September 1, 2012, and before September 30, 2013, and participate in the DROP for six (6) months or longer shall receive a zero percent (0%) cost of living adjustment for the third (3<sup>rd</sup>) and fourth (4<sup>th</sup>) annual adjustment date regardless of whether the member remains in the DROP for the maximum five (5) year period. If the member exits the DROP within the first six (6) months following the date of DROP entry, then in that case the member will be eligible for the 2.5% cost of living annually on the member's anniversary date.

### **TIER 2 AND TIER 3**

The normal retirement benefit will increase each year by 1.5%. This cost of living adjustment will be applied annually on the anniversary date of the member's retirement.

## **DISABILITY RETIREMENT PROVISIONS**

### **TOTAL AND PERMANENT DISABILITY INCURRED IN THE LINE OF DUTY (Service Connected)**

Eligibility is immediate upon becoming a member.

Any member who becomes totally and permanently disabled at any time as the result of illness or injury suffered in the line of duty may be retired on an accidental disability benefit. Disability retirement is subject to the approval of the Board of Trustees based upon established methods and procedures.

Upon the accidental disability retirement, a member receives a monthly pension benefit equal to his/her monthly pension benefit accrued to the date of disability. The minimum benefit payable is 85% of current salary of the member at the time of disability retirement less any offset that may be required by Workers Compensation.

### **TOTAL AND PERMANENT DISABILITY NOT INCURRED IN THE LINE OF DUTY (Non-Service Connected)**

Any member who becomes totally and permanently disabled after completion of five (5) years of creditable pension service, as the result of illness or injury not suffered in the line of duty, may be retired on an ordinary disability retirement benefit. Disability retirement is subject to the approval of the Board of Trustees based upon established methods and procedures.

Upon ordinary disability retirement, a member receives a monthly pension benefit equal to his/her monthly pension benefit accrued to the date of disability.

## **DISABILITY RETIREMENT CLAIMS AND GUIDELINES**

All applications for disability retirement are filed with the Board of Trustees. A medical board of three (3) doctors will examine the member and report their findings to the Board of Trustees. The Board of Trustees will rule on the request for disability retirement based on all reports and examinations available.

The criteria that must be met for the Board to grant a service connected disability retirement is: (1) Total, (2) Permanent and (3) Service Incurred.

The criteria that must be met for the Board to grant a non-service connected disability retirement is: (1) Total and (2) Permanent.

It takes five (5) affirmative votes of the Board of Trustees to grant a disability retirement.

## **DISABILITY CLAIMS PROCEDURES**

### **I. COMMENCEMENT OF CLAIM**

- A. A member who believes he or she is eligible for a disability pension ("Applicant") shall apply therefor on a form made available by the Board of Trustees ("Board") or a form otherwise acceptable to the Board ("Application").
- B. The Applicant shall also execute such releases, authorizations or other documents deemed necessary for the Board to obtain a complete file of relevant documentation.
- C. The Applicant shall fully cooperate with the Board to assist the Board in obtaining such complete file.
- D. The Applicant shall have the right to be represented by legal counsel at any and all stages of the claims procedure.

### **II. INFORMAL HEARING**

- A. At the informal hearing, the Board shall consider only the documentary evidence contained in the file and any evidence received pursuant to paragraph B below.
- B. Other than answers to questions from members of the Board or from the Board's attorney, the Board will take no additional evidence at the informal hearing, although the Applicant or his legal counsel may make a short presentation, limited to comments or arguments as to the evidence contained in the file.
- C. Upon completion of review of the Application at the informal hearing, the Board shall render a decision unless it finds that the file is incomplete or that additional information should be obtained. In the latter case, the Board may defer ruling and continue the informal hearing to such time as the Board finds that the file is complete.
- D. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to the Applicant. In addition, the Board shall provide a written explanation of the right to a formal hearing on the Application and the time limit within which a formal hearing must be requested in writing.
- E. The decision of the Board after the informal hearing shall not be final until after the time has expired to request a formal hearing, or, if a full hearing is timely requested, until the Board makes a decision following the formal hearing.

### **III. FORMAL HEARING**

- A. An Applicant may request a formal hearing on the Application upon which the Board has made a decision on the merits following an informal hearing.
- B. The request for a formal hearing must be in writing and must be physically received by the Board within 30 days of service of the Board's written decision on the merits after the informal hearing. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.
- C. After the Applicant has timely begun the process for a formal hearing, the Applicant or the Applicant's legal counsel must notify the Board's attorney in order to work out mechanics such as discovery and a mutually convenient time for the formal hearing. However, in all cases, at least sixty business days prior to the formal hearing, the Applicant or the Applicant's legal counsel must (1) provide Board and the Board's attorney with copies of all medical reports or other relevant documentary evidence in the Applicant's possession or of which the Applicant has knowledge, (2) provide the Board's attorney a list of names, addresses and telephone numbers of each and every

## **DISABILITY CLAIMS PROCEDURES**

witness the Applicant claims has knowledge relating to the Application and (3) provide the Board's attorney with a short statement or summary of the testimony of each and every witness. If the foregoing period is not sufficient, the Board's attorney will advise the Board that the formal hearing should be postponed to a later date. If the Applicant or the Applicant's legal counsel does not comply with this paragraph, the Applicant may be precluded from offering the testimony or evidence at the formal hearing.

- D. Except for discovery requested by the Board or the Board's attorney, all costs of discovery, including the compensation of professional and lay witnesses, shall be borne by Applicant.
- E. The Applicant shall be responsible to obtain the attendance of the Applicant's witnesses at the formal hearing. Upon timely written request by the Applicant, the Board shall issue subpoenas for the attendance of witnesses at depositions and at the formal hearing. The Board may charge a reasonable fee for issuance of subpoenas to the extent permitted by law. If provided in accordance with these procedures, transcripts of depositions shall be made part of the file. Although such transcripts will not necessarily be read into the record, any portions thereof may be read into the record by any party and may be referred to in argument. In all cases, the Applicant shall bear the burden of proof to show entitlement to the benefits sought.
- F. Should the Applicant decide to appeal a decision made by the Board with respect to any matter considered at the formal hearing, the Applicant will need a record of the proceedings, and, for such purpose, the Applicant may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.
- G. Decisions of the Board after a formal hearing shall be final and binding, subject to judicial review. Such decisions shall set forth the specific reasons for denial as provided in Section 112.66(7), Florida Statutes.
- H. The Board shall decide the merits of the Application by motion duly adopted and shall subsequently furnish a copy thereof to Applicant. Service by the Board will be deemed to have been made on the date of mailing by the Board to the Applicant.
- I. Judicial review of decisions of the Board shall be had in the manner prescribed by law.

## **IV. MISCELLANEOUS**

- A. Informal hearings and formal hearings will be held during regular Board meetings as part of the regular Agenda. No Applicant has the right to demand or to receive a special setting upon the Application.
- B. Applications will generally be heard in the order filed. However, in some cases a later-filed Application will be ready for hearing before an earlier-filed Application. In such a case, the Application first ready to be heard will be heard first.
- C. If more than one Application is ready for formal hearing, the earliest-filed Application shall be heard first and other Applications which are ready shall be heard in the order filed. However, in fairness to the Applicant and to the Board, the Board may limit the number of formal hearings heard on any single Agenda.
- D. Testimony of all witnesses shall be under oath or affirmation.

## **ACTIVE MEMBERS BENEFICIARY BENEFITS OPTIONS**

A member must complete a Designation of Beneficiaries form and select one (1) of the two (2) following beneficiary options:

### **Option 1: STANDARD BENEFIT**

This option provides benefits to the specified beneficiaries defined under the plan document. The following are the specified beneficiaries under the plan document:

**Surviving Spouse** shall mean the lawfully wedded spouse of a member living with the member at the time of the member's death.

**Domestic Partner** shall mean a person with whom a member has entered into a domestic partnership as defined in the Miami Beach City Code and registered and documented according to the requirements of the Miami Beach City Code.

**Children** in equal portions to each child of the deceased member and shall cease when:

- (1) The child attains the age of 18, or
- (2) The child attains the age of 22, provided the child is a full-time student in high school or college, or
- (3) The child marries or dies

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

**Handicapped Child** shall mean a child of a member who has reached the age of 18 and who is primarily dependent upon the member for the child's livelihood or support due to a mental or physical condition or handicap of the child which requires, or otherwise would have required, the member to provide primary support for the child.

**Dependent Parent** shall mean a parent of a member for whom a member is entitled, or would have been entitled, to claim a dependency exemption for federal income tax reporting purposes.

### **Option 2: 10 YEAR CERTAIN BENEFIT**

The member designates a beneficiary of his/her choice under this option.

**This option provides no benefit to spouse, domestic partner, dependent child or dependent parents unless chosen specifically as the beneficiary.**

**IT IS IMPORTANT TO KEEP THE DESIGNATION OF BENEFICIARIES FORM UP TO DATE**

## **ACTIVE MEMBERS SURVIVORS' BENEFITS BEFORE RETIREMENT**

### **BENEFIT FOR SERVICE CONNECTED DEATH**

Eligibility is immediate upon becoming a member.

Upon the death of a member resulting from injury suffered in the line of duty, the benefit is payable as follows:

### **STANDARD BENEFITS**

- ☐ Upon the death of the member, the surviving spouse or domestic partner will receive the greater of:

(1) The pension which the deceased member would have been entitled under the provisions of the plan

(2) Eighty-five percent of the member's salary at the date of his death

If there is no surviving spouse or domestic partner, or upon the surviving spouse's remarriage or death, or upon the domestic partner's marriage or entry into another domestic partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

(1) The child attains the age of 18, or

(2) The child attains the age of 22, provided the child is a full-time student in high school or college, or

(3) The child marries or dies

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

If there are no benefits payable to a child or children, then the benefits set forth shall be paid to the dependent parent of the deceased member.

### **Exceptions:**

Benefits shall continue to be paid to the member's surviving spouse on the surviving spouse's remarriage, instead of to the member's children, if the member is **killed** in the line of duty.

If the child attains the age of 18 and is handicapped, the benefits will continue to the handicapped child until the handicapped child ceases to be handicapped.

## **IN LIEU OF THE STANDARD BENEFITS, A MEMBER MAY ELECT TO HAVE THE PENSION PAID AS FOLLOWS:**

### **10 YEAR CERTAIN**

- ☐ Upon the death of the member, the designated beneficiary will receive the benefit calculated for the member under the provisions of the plan. This benefit will be paid for a total of 120 months. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.

## **BENEFIT FOR NON-SERVICE CONNECTED DEATH**

Eligibility is after five (5) years of creditable service.

### **STANDARD BENEFITS**

- ☐ Upon the death of the member, the surviving spouse or domestic partner will receive 100% of the benefit that is calculated under the provisions of the plan for one year, and thereafter the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest paid years. All benefits cease upon the surviving spouse's remarriage or death, or the domestic partner's marriage or entry into another domestic partnership or death.

If there is no surviving spouse or domestic partner, or upon the surviving spouse's remarriage or death, or upon the domestic partner's marriage or entry into another domestic partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

- (1) The child attains the age of 18, or
- (2) The child attains the age of 22, provided the child is a full-time student in high school or college, or
- (3) The child marries or dies

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

If there are no benefits payable to a child or children, then the benefits set forth shall be paid to the dependent parent of the deceased member.

#### **Exceptions:**

If the surviving spouse was married to the deceased member for less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at the time of death.

If the child attains the age of 18 and is handicapped, the benefits will continue to the handicapped child until the handicapped child ceases to be handicapped.

## **IN LIEU OF THE STANDARD BENEFITS, A MEMBER MAY ELECT TO HAVE THE PENSION PAID AS FOLLOWS:**

### **10 YEAR CERTAIN**

- ☐ Upon the death of the member, the designated beneficiary will receive the benefit calculated for the member under the provisions of the plan. This benefit will be paid for a total of 120 months. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.



## **BENEFICIARY DESIGNATION AT RETIREMENT**

A member may select one (1) of the following beneficiary options:

### **Option 1: STANDARD BENEFIT**

The member receives the benefit that is calculated under the provision of the plan payable for life.

Upon the death of the member, the benefits are paid to the specified beneficiaries defined under the plan document. The following are the specified beneficiaries under the plan document:

**Surviving Spouse** shall mean the lawfully wedded spouse of a member living with the member at the time of the member's death.

**Domestic Partner** shall mean a person with whom a member has entered into a domestic partnership as defined in the Miami Beach City Code and registered and documented according to the requirements of the Miami Beach City Code.

**Children** in equal portions to each child of the deceased member and shall cease when:

- (1) The child attains the age of 18, or
- (2) The child attains the age of 22, provided the child is a full-time student in high school or college, or
- (3) The child marries or dies

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

**Handicapped Child** shall mean a child of a member who has reached the age of 18 and who is primarily dependent upon the member for the child's livelihood or support due to a mental or physical condition or handicap of the child which requires, or otherwise would have required, the member to provide primary support for the child.

**Dependent Parent** shall mean a parent of a member for whom a member is entitled, or would have been entitled, to claim a dependency exemption for federal income tax reporting purposes.

### **IN LIEU OF THE STANDARD BENEFIT**

A member may select other options which are all based on the actuarial equivalent of the 10 year certain and life benefit such as:

- 10 year certain life
- Life of member only – **no beneficiaries**
- Joint and survivor options

The member designates a beneficiary of his/her choice under this option.

**This option provides no benefit to spouse, domestic partner, dependent child or dependent parents unless chosen specifically as the beneficiary.**

## **PAYMENT OF BENEFITS AT RETIREMENT**

This section describes the various ways and conditions your pension benefit can be paid.

### **STANDARD BENEFITS**

#### **☐ NORMAL RETIREMENT BENEFITS:**

**Member** – The benefit that is calculated under the provisions of the plan payable for life.

Upon the death of the member, the surviving spouse or domestic partner will receive 100% of said benefit for one year, and thereafter the greater of 75% of the total benefit or 25% of the average monthly salary for the two highest paid years. All benefits cease upon the surviving spouse's remarriage or death, or the domestic partner's marriage or entry into another domestic partnership or death.

If there is no surviving spouse or domestic partner, or upon the surviving spouse's remarriage or death, or upon the domestic partner's marriage or entry into another domestic partnership or death, the benefit set forth shall be paid to the member's children in equal portions to each child of the deceased member and shall cease when:

- (1) The child attains the age of 18, or
- (2) The child attains the age of 22, provided the child is a full-time student in high school or college, or
- (3) The child marries or dies

A legally adopted child shall have the same rights as a natural born child but no pension shall be allowed to any stepchild of a deceased member.

If there are no benefits payable to a child or children, then the benefits set forth shall be paid to the dependent parent of the deceased member.

#### **Exceptions:**

If the surviving spouse was married to the deceased member for less than 10 years, or the domestic partnership was registered for less than 10 years, then the benefits are payable for a period no longer than the normal life expectancy of the deceased member at the time of death.

If the child attains the age of 18 and is handicapped, the benefits will continue to the handicapped child until the handicapped child ceases to be handicapped.

**IN LIEU OF THE STANDARD BENEFITS, A MEMBER MAY ELECT TO HAVE THE PENSION PAID AS FOLLOWS:**

- ☐ **10 Year Certain and Life** This option provides payments for your lifetime. If you should die before 120 payments are made, the payments will continue to your designated beneficiary until a total of 120 payments have been made. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless chosen specifically as the beneficiary.

**THE FOLLOWING OPTIONS ARE ALL BASED ON THE ACTUARIAL EQUIVALENT OF THE 10 YEAR CERTAIN AND LIFE BENEFIT:**

- ☐ **Life of Member Only** This option provides payments to you as long as you live. All benefits cease at your death. **There are no beneficiary benefits under this option.**

☐ **Joint and Survivor**

25%      \_\_\_\_\_ Under this option, a reduced monthly pension is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 25% of your benefit for as long as the beneficiary lives. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.

50%      \_\_\_\_\_ Under this option, a reduced monthly pension is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 50% of your benefit for as long as the beneficiary lives. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.

66⅔%      \_\_\_\_\_ Under this option, a reduced monthly pension is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 66⅔% of your benefit for as long as the beneficiary lives. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.

75%      \_\_\_\_\_ Under this option, a reduced monthly pension is payable during your lifetime. Your designated beneficiary, if living at time of your death, will receive 75% of your benefit for as long as the beneficiary lives. This option provides no benefits to spouse, domestic partner, dependent child or dependent parent unless selected specifically as the beneficiary.

Anything herein to the contrary notwithstanding, the non-spousal benefit may be limited by law.

## **VESTED RETIREMENT BENEFITS – ALL TIERS**

### **Vested benefit after five (5) years but less than ten (10) years of creditable pension service**

Member may select one of the following options:

- a. The return of the member's employee contributions with interest or
- b. In lieu of the return of the member's employee contributions, at age 50 the member may elect to receive a monthly pension benefit payable for life, equal to the member's monthly pension benefit accrued to date of termination.

In the event of the death of the member prior to age 50, the member's beneficiary will receive a refund of employee contributions with interest on that sum at the rate of three percent per annum computed until the date of payment.

### **Vested benefit after ten (10) years of creditable pension service**

Member may select one of the following options:

- a. The return of the member's employee contributions with interest or
- b. In lieu of the return of the member's employee contributions, at age 50 the member may elect to receive a monthly pension benefit payable for life, equal to the member's monthly pension benefit accrued to date of termination.

In the event of the death of the member prior to age 50, the member's beneficiary will receive pension benefits when the member would have turned age 50, in accordance with the form of retirement benefit payment the member selected.

## **RETURN OF CONTRIBUTIONS**

If a member is not entitled to a benefit under the plan or if the benefits paid do not equal the member's employee contributions, the balance of the employee contributions will be paid to the member or to the member's designated beneficiary.

## **PRESENTING CLAIMS FOR BENEFITS UNDER THE PLAN**

### **Claims Procedures**

Claims for benefits under the Plan must be filed in writing with the Board of Trustees (Plan Administrator). The Executive Director will supply the necessary forms for the proper filing of the claim. If the claim is such that there is no special form, a letter should be addressed to the Board of Trustees and mailed to the Plan address. If you are eligible for any benefits from this Plan, you will be provided with a notification form showing the approximate amount of your benefit and the earliest date on which such benefit is payable.

Your request for Plan benefits shall be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator shall furnish you with a written notice of its denial. This written notice must be provided to you within a reasonable period of time after the receipt of your claim by the Plan Administrator. The written notice must contain the following information:

- The specific reason or reasons for the denial;
- Specific reference to those Plan provisions on which the denial is based;
- A description of any additional information or material necessary to correct your claim and explanation of why such material or information is necessary;
- Appropriate information as to the steps to be taken if you or your Beneficiary wishes to submit your claim for review.

If notice of the denial of a claim is not furnished to you in accordance with the above within a reasonable period of time, your claim shall be deemed denied. You will then be permitted to proceed to the review stage described in the following paragraphs.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Review Procedure.

### **Claims Review Procedure**

Upon the denial of your claim for benefits, you may file your claim for review, in writing with the Plan Administrator. You must file the claim for review no later than 30 days after you have received written notification of the denial of your claim for benefits. You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator. Your claim for review must be given a full and fair review.

## **COLLECTIVE BARGAINING**

Certain members covered by the Plan are members of the following collective bargaining units:

- International Association of Firefighters, Local 1510, AFL-CIO-CLC
- Miami Beach Fraternal Order of Police - William Nichols Lodge No. 8

For the contract period of October 1, 2012, through September 30, 2015, there were various pension changes that were negotiated. These pension changes were adopted by the City on September 30, 2013, by Ordinance No. 2013-3817. Some of these changes are:

- Changes in vesting provisions from ten (10) to five (5) years
- Changes in benefit structure for members employed prior to July 14, 2010
- New tier for members employed on or after September 30, 2013
- Changes to buyback provisions
  - Eliminating purchase of Prior Public Safety Service
  - Eliminating purchase of 3% or 6% Multiplier
  - Eliminating purchase of overtime with leave time
  - Changes in provision relating to purchase of Pre-employment Military Time
- Employee contributions on overtime cannot exceed 300 hours
- Final average monthly earnings cannot include more than 300 hours of overtime in each year
- Changes in overtime limit calculations for police members
- No transfer of credit from the Miami Beach Employees Retirement Plan

### **NON ASSIGNABILITY**

No pension provided for herein shall be assignable or subject to garnishment for debt or to other legal process, and no pension provided for herein shall be subject to any deductions or assessments by the City of Miami Beach, Florida, nor shall any benefits hereunder be altered or modified in any respect due to the fact that any member may be the recipient of any benefits from any other pension. In accordance with Florida Statutes 175.241 and Florida Statutes 185.25 and the anti-alienation provision in our Plan, Domestic Relations Orders, qualified or otherwise, cannot be enforced by our Plan. However, pension benefits are subject to legal process to satisfy income deduction orders and IRS tax liens.

The Plan does have a provision relating to offsets for Workers' Compensation benefits paid by the City to a member who retired on a Service Connected Disability for the same condition for which Workers' Compensation benefits are being paid. Offset for Workers' Compensation is limited to the extent by which the total of Workers' Compensation benefits and disability benefits exceed 100% of average monthly wage as defined under Workers' Compensation.

## **IMPORTANT NOTICE**

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture or suspension of benefits in this Plan. The following is a list of these circumstances:

## **WITHDRAWAL OF CONTRIBUTIONS**

If a member leaves the employment of the City and withdraws his/her contributions plus interest, the member ceases to be eligible for benefits.

## **CESSATION OF PENSION**

The pension plan has a provision which provides for cessation of pension as follows:

Upon a member's conviction of a felony and actual incarceration in a penitentiary, any pension being paid to the member under this Plan shall be paid to his wife or children as herein prescribed for a deceased member under this article, until his official release from incarceration, then the pension will be paid to the pensioned member again.

## **FORFEITURE OF PENSION**

Florida Statutes, Section 112.3173 provides for the forfeiture of retirement benefits by public officers or public employees who are convicted of (including a plea of guilty, a plea of no contest or a jury verdict of guilty when adjudication is withheld and probation is ordered), or whose office or employment is terminated by reason of his admitted commitment of, certain offenses, to-wit:

1. committing, aiding or abetting of an embezzlement of public funds
2. the committing, aiding or abetting of any theft by a public officer or employee from his employer
3. bribery in connection with the employment of a public officer or employee
4. any felony specified in Chapter 838, Florida Statutes (bribery; misuse of public office)
5. the committing of an impeachable offense
6. the committing of any felony, willfully intended to defraud the public or the public agency of the right to receive faithful performance of duties, where a profit, gain or advantage through the use or attempted use of the power, rights, privileges, duties or positions of the public office or employment is realized, obtained or attempted to be realized or obtained.

## **RE-EXAMINATION OF PENSIONS**

The Board of Trustees shall have the power to examine into the facts upon which any pensions are granted under this Plan and to ascertain if any pension has been granted or obtained erroneously, fraudulently, or illegally for any reason. Said Board shall also be empowered to purge the pension rolls of any pensions granted under this Plan, if the same are found to be erroneous, fraudulent or illegal for any reason; and to reclassify any pensioner who, under this Plan, is erroneously, improperly or illegally classified.



### **RECOVERING FROM DISABILITIES**

In the event a member who has been retired on a pension on account of permanent and total incapacity regains his health and is found, by the Medical Board designated by the Board of Trustees of this Plan, to be in such physical and mental condition as to meet the requirements of the Personnel Department for service acceptable to the City, the Board shall order his/her pension discontinued, and he/she shall be ordered to resume active service in the department from which he/she was retired at the same or similar work as that at which he/she was employed prior to the disability retirement or at any other work within the limits of his/her physical or mental capabilities at a rate of compensation not less than seventy (70) per cent of the pay at the time of his/her return to active service for the classification occupied by him/her prior to the disability retirement. Upon request of the City Manager, the Board shall review the condition of any member receiving a pension for disability and shall submit to the City Manager a report thereon; and if there shall be substantial evidence that the retired member is capable of performing service acceptable to the City in the Department from which such member was retired, he shall be ordered to resume active duties and his pension shall be discontinued.

### **TERMINATION OF PLAN**

In case of termination of the Plan, or in the event of the discontinuance of contributions thereunder having the effect of such termination, the rights of all members of this Plan to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable.

### **IRS QUALIFICATION**

The Deferred Benefit Plan is meant to comply with the provisions of the Internal Revenue Code. The Board of Trustees will take no action which may jeopardize the qualification of the Plan.

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS  
IN THE CITY OF MIAMI BEACH**

**FINANCIAL DATA SUMMARY  
SEPTEMBER 30, 2013 AND 2012**

**APPENDIX A**

# City Pension Fund for Firefighters and Police Officers

## In The City of Miami Beach

### Statements of Plan Net Position

September 30, 2013 and 2012

	2013	2012
<b>Assets</b>		
Cash	\$ 20,000	\$ 20,000
Receivables:		
Retainer receivable	-	7,500
Employee buybacks	1,222,109	451,295
Receivable for securities sold	-	82,357
Accrued interest and dividends	2,154,308	2,501,444
Total receivables	3,376,417	3,042,596
Investments, at fair value:		
Short-term investments	18,129,793	20,171,667
U.S. government securities	23,145,088	32,002,383
Common stocks	329,803,640	256,951,845
Domestic equity fund	62,575,982	68,805,004
International equity fund	32,494,167	27,540,730
Domestic corporate bonds	154,983,512	148,372,189
International fixed income	50,568,738	45,215,048
Real estate fund	23,813,474	20,718,896
Mutual funds self-directed DROP participants	11,807,256	9,408,588
Total investments	707,321,650	629,186,350
<b>Total assets</b>	<b>710,718,067</b>	<b>632,248,946</b>
<b>Liabilities</b>		
Accrued expenses	388,245	321,471
Payable for securities purchased	-	110,658
Deferred retirement option plan payable	11,807,256	9,408,588
<b>Total liabilities</b>	<b>12,195,501</b>	<b>9,840,717</b>
<b>Net position held in trust for pension benefits</b>	<b>\$ 698,522,566</b>	<b>\$ 622,408,229</b>
(a schedule of funding progress is presented on Page 25)		

*The accompanying notes are an integral part of these financial statements.*

**City Pension Fund for Firefighters and Police Officers**  
**In The City of Miami Beach**  
**Statements of Changes in Plan Net Position**  
**For the Years Ended September 30, 2013 and 2012**

	2013	2012
<b>Additions</b>		
Contributions:		
City	\$ 39,371,501	\$ 36,176,910
Share plan	120,549	120,549
	<u>39,492,050</u>	<u>36,297,459</u>
Employees:		
Contributions	5,091,354	5,327,374
Buybacks	4,625,982	2,435,700
Total employees	<u>9,717,336</u>	<u>7,763,074</u>
Total contributions	<u>49,209,386</u>	<u>44,060,533</u>
Investment income:		
Net appreciation in fair value of investments	68,358,117	92,213,224
Interest and dividends	16,143,057	15,448,623
Total investment income	<u>84,501,174</u>	<u>107,661,847</u>
Less: investment expenses	<u>2,910,167</u>	<u>2,597,146</u>
Net investment income	<u>81,591,007</u>	<u>105,064,701</u>
Total additions	<u>130,800,393</u>	<u>149,125,234</u>
<b>Deductions</b>		
Benefits paid	53,692,932	48,520,389
Participants' contributions refunded	187,205	205,394
Administrative expenses	805,919	859,125
Total deductions	<u>54,686,056</u>	<u>49,584,908</u>
Net increase	<u>76,114,337</u>	<u>99,540,326</u>
Net position held in trust for pension benefits:		
Beginning of period	622,408,229	522,867,903
End of period	<u>\$ 698,522,566</u>	<u>\$ 622,408,229</u>

*The accompanying notes are an integral part of these financial statements.*

**City Pension Fund For Firefighters And Police Officers**  
**In The City of Miami Beach**  
**Required Supplementary Information - Unaudited**  
**September 30, 2013**

**Schedule "1" - Schedule of Funding Progress – Revised <sup>(1)</sup>**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll <sup>(2)</sup>	UAAL as % of Covered Payroll
10/1/07	\$495,993,903	\$632,992,587	\$ 136,998,684	78.4%	\$40,060,096	342.0%
10/1/08	507,363,813	683,731,944	176,368,131	74.2	53,153,934	331.8
10/1/09	517,602,834	784,395,822	266,792,988	66.0	51,636,070	516.7
10/1/10	525,709,407	817,640,913	291,931,506	64.3	49,718,966	587.2
10/1/11	531,821,181	871,118,629	339,297,448	61.1	49,186,724	689.8
10/1/12	545,067,653	902,778,465	357,710,812	60.4	46,313,650	772.4

<sup>(1)</sup> Revised in fiscal 2013 by actuary as a result of an actuarial impact statement of changes resulting from ordinance 2013-3817 passed and adopted September 30, 2013. See Note - Subsequent Events.

<sup>(2)</sup> The historical covered payroll was updated to reflect the projected pensionable payroll.

**Schedule "2" - Schedule of Contributions by Employer and Other Contributing Entity**

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 17,618,045	100%
2009	20,159,995	100
2010	23,403,818	100
2011	32,811,570	100
2012	36,297,459	100
2013	39,492,050	100

**CITY PENSION FUND FOR FIREFIGHTERS AND POLICE OFFICERS  
IN THE CITY OF MIAMI BEACH**

**ACTUARIAL VALUATION SUMMARY  
OCTOBER 1, 2012**

**APPENDIX B**

# SUMMARY OF VALUATION RESULTS

TABLE I

	As of October 1, 2011	As of October 1, 2012
<b>1. Number of Members</b>		
a. Active Members	457	428
b. Deferred Vested Members	15	16
c. Retired Members:		
i. Non-disabled(excluding DROP)	432	457
ii. DROP	66	77
iii. Disabled	56	56
iv. Beneficiaries	90	92
v. Sub-total	<u>644</u>	<u>682</u>
d. Total Members	<u>1,116</u>	<u>1,126</u>
<b>2. Total Annual Compensation <sup>1</sup></b>		
a. Base Pay at Valuation Date	\$39,602,838	\$37,289,573
b. Projected Payroll (Base Pay) EOY	\$40,988,937	\$38,594,708
c. Projected Payroll (Pensionable Pay) EOY	\$49,186,724	\$46,313,650
d. Projected Payroll (Pensionable Pay plus DROP) EOY <sup>2</sup>	\$58,601,437	\$56,136,914
<b>3. Total Retired Member Benefits</b>	\$46,925,174	\$52,791,227
<b>4. Annual Minimum Required Contribution</b>		
a. Present Value of Future Benefits	\$1,013,221,135	\$1,060,686,520
b. Present Value of Future Normal Cost	\$142,102,506	\$137,946,998
<i>City Portion</i>	\$94,272,169	\$89,552,957
<i>Member Portion</i>	\$47,830,337	\$48,394,041
c. Actuarial Accrued Liability (AAL)	\$871,118,629	\$922,739,522
d. Actuarial Value of Assets	(\$531,821,181)	(\$545,067,653)
e. Unfunded AAL (UAAL)	<u>\$339,297,448</u>	<u>\$377,671,869</u>
f. BOY Normal Cost at Valuation Date	\$16,275,108	\$15,069,445
g. BOY Payment to Amortize Unfunded Liability	\$21,260,501	\$23,986,250
h. Interest Adjustment	\$3,226,768	\$3,297,845
i. Expected Service Buyback	\$2,951,204	\$2,778,819
j. Expected Administrative Expenses	\$697,141	\$697,141
k. EOY Total Minimum Required Contribution	<u>\$44,410,722</u>	<u>\$45,829,500</u>
l. Expected Member Contributions	\$4,918,672	\$4,631,365
m. Expected Share Plans Contributions	\$120,549	\$120,549
n. EOY Estimated City Contributions	\$39,371,501	\$41,077,586
o. EOY Total Minimum Required Contribution	<u>\$44,410,722</u>	<u>\$45,829,500</u>

<sup>1</sup> Description of Total Annual Compensation provided on page 5.

<sup>2</sup> Not used to generate valuation liabilities. Shown for comparison purposes only.



**SUMMARY OF VALUATION RESULTS****TABLE I**  
**(continued)**

	<u>As of</u> <u>October 1, 2011</u>	<u>As of</u> <u>October 1, 2012</u>
<b>5. Annual Cost (as a % of Projected Pensionable Pay, and Projected Pensionable Pay plus DROP)</b>		
a. Total Required Contribution (4o./2c.)	90.29%	98.95%
b. Estimated Share Plans Contribution (4m./2c.)	0.25%	0.26%
c. Expected Member Contribution (4l./2c.)	10.00%	10.00%
d. Estimated City Contribution (4n./2c.)	80.04%	88.69%
e. <i>Estimated City Contribution (4n./2d.)</i>	<i>67.19%</i>	<i>73.17%</i>

**<sup>1</sup> Description of Total Annual Compensation (Item 2 of Table I)****a. Base Pay at Valuation Date:**

Participant's base pay (including salary, premiums and longevity) at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October. Premiums are any salary or pay on which longevity is calculated.

**b. Projected Payroll (Base Pay) EOY:**

Base pay at valuation date projected to the end of year (and beginning of fiscal year for which the city contributions are determined) by assuming an aggregate increase in payroll of 3.50%.

**c. Projected Payroll (Pensionable Pay) EOY:**

Projected EOY Base Pay loaded by 20% to reflected estimated other pays included in pensionable pay as of October 1, 2009. In prior years the projected pensionable pay was calculated as the Pensionable pay (includes base pay, overtime, holiday pay, allowances, etc.) at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October. The resulting figure was then projected to the end of year assuming an aggregate increase in payroll of 3.50%.

**d. Projected Payroll (Pensionable Pay plus DROP) EOY:**

Projected Pensionable Pay plus DROP participants pay at snapshot date of September 30th increased by assumed salary scale to reflect pay increases that are usually granted in October and then projected to the end of the year assuming an aggregate increase in payroll of 3.50%.

October 1, 2012

(Post Assumption Changes)

	<u>Police</u>	<u>Firefighters</u>	<u>Total</u>
<b>1. Participant Data</b>			
a. Active members:			
i. Number	290	138	428
ii. Total annual base payroll	\$24,029,549	\$13,260,024	\$37,289,573
iii. Projected annual base payroll	\$24,870,583	\$13,724,125	\$38,594,708
iv. Projected annual pensionable payroll	\$29,844,700	\$16,468,950	\$46,313,650
b. Retired members and beneficiaries:			
i. Number	363	263	626
ii. Total annualized benefit	\$28,069,308	\$21,397,971	\$49,467,279
c. Disabled members receiving benefits:			
i. Number	49	7	56
ii. Total annualized benefit	\$2,857,529	\$466,419	\$3,323,948
d. Terminated vested members:			
i. Number	13	3	16
ii. Total annualized benefit	\$174,504	\$101,914	\$276,418
<b>2. Assets</b>			
a. Actuarial value of assets	n/a	n/a	\$545,067,653
b. Market value of assets	n/a	n/a	\$622,408,229
<b>3. Liabilities</b>			
a. Present value of all future expected benefit payments:			
i. Active members:			
Retirement benefits	\$201,602,774	\$110,303,374	\$311,906,148
Vesting benefits	\$322,254	\$295,951	\$618,205
Disability benefits	\$14,959,793	\$7,927,554	\$22,887,347
Death benefits	\$2,185,183	\$1,262,457	\$3,447,640
Sub-total	\$219,070,004	\$119,789,336	\$338,859,340
ii. Terminated vested members	\$2,032,005	\$808,134	\$2,840,139
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$377,457,195	\$295,311,083	\$672,768,278
Disabled members	\$35,667,887	\$4,696,092	\$40,363,979
Sub-total	\$413,125,082	\$300,007,175	\$713,132,257
iv. Member contributions (annuities & refunds)	\$3,507,506	\$2,347,278	\$5,854,784
v. Total present value of all future expected ben. pmts.	\$637,734,597	\$422,951,923	\$1,060,686,520
b. Liabilities due and unpaid	\$0	\$0	\$0

**INFORMATION REQ. BY FLORIDA STATUTE (CHAP. 112)**
**TABLE V  
(continued)**

<b>October 1, 2012</b>			
<b>(Post Assumption Changes)</b>			
	<b><u>Police</u></b>	<b><u>Firefighters</u></b>	<b><u>Total</u></b>
c. Actuarial accrued liability			
i. Active members:			
Retirement benefits	\$129,680,123	\$65,035,149	\$194,715,272
Vesting benefits	\$870,578	\$691,897	\$1,562,475
Disability benefits	\$6,195,837	\$3,011,166	\$9,207,003
Death benefits	\$843,424	\$438,951	\$1,282,375
Sub-total	\$137,589,962	\$69,177,163	\$206,767,125
ii. Terminated vested members	\$2,032,005	\$808,134	\$2,840,139
iii. Retired members and beneficiaries:			
Retired (other than disabled) and beneficiaries	\$377,457,195	\$295,311,083	\$672,768,278
Disabled members	35,667,887	4,696,092	40,363,979
Sub-total	\$413,125,082	\$300,007,175	\$713,132,257
iv. Total	\$552,747,049	\$369,992,472	\$922,739,521
d. Entry Age Normal Unfunded actuarial accrued liability	n/a	n/a	\$377,671,868
<b>4. Actuarial Present Value of Accrued Benefits</b>	<b>\$514,049,040</b>	<b>\$349,998,158</b>	<b>\$864,047,198</b>
(please reference Table IV for details concerning the present value of accrued benefits)			
<b>5. Pension Cost</b>			
a. Normal cost (including administrative expenses):			
i. Retirement benefits	\$8,906,918	\$4,857,986	\$13,764,904
ii. Vesting benefits	\$349,573	\$194,372	\$543,945
iii. Disability benefits	\$1,122,955	\$562,973	\$1,685,928
iv. Death benefits	\$182,875	\$97,349	\$280,224
v. Administrative expenses	\$348,571	\$348,571	\$697,142
vi. Sub-total	\$10,910,892	\$6,061,251	\$16,972,143
vii. as a percent of projected pensionable payroll (interest adjusted)	36.56%	36.80%	36.65%
b. Payment to amortize unfunded liability	n/a	n/a	\$25,905,150
as a percent of projected pensionable payroll (interest adjusted)	n/a	n/a	55.93%
c. Service Buyback	\$1,790,682	\$988,137	\$2,778,819
as a percent of projected base payroll	6.00%	6.00%	6.00%
d. Amount to be contributed by members	\$2,984,470	\$1,646,895	\$4,631,365
as a percent of projected pensionable payroll	10.00%	10.00%	10.00%
e. Interest Adjustment for Expected Member Contributions	\$111,733	\$61,656	\$173,389
as a percent of projected pensionable payroll	0.37%	0.37%	0.37%
f. Expected Share Plans Contributions	\$70,669	\$49,880	\$120,549
as a percent of projected pensionable payroll	0.24%	0.30%	0.26%
g. Expected City Contribution	n/a	n/a	\$41,077,587
as a percent of projected pensionable payroll	n/a	n/a	88.69%

**INFORMATION REQ. BY FLORIDA STATUTE (CHAP. 112)****TABLE V  
(continued)**

	<b>October 1, 2012</b> <b>(Post Assumption Changes)</b>		
	<b><u>Police</u></b>	<b><u>Firefighters</u></b>	<b><u>Total</u></b>
<b>6. Past Contributions (For year ending September 30,2012)</b>			
a. Required Employer and State contribution	n/a	n/a	\$34,537,068
b. Actual contribution made by:			
i. Employer	n/a	n/a	\$32,691,021
ii. Members	n/a	n/a	\$5,525,395
iii. State (Share Plans)	n/a	n/a	\$120,549
<b>7. Net actuarial (gain)/loss</b>	n/a	n/a	\$26,116,909
<b>8. Other disclosures</b>			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$208,205,792	\$130,210,076	\$338,415,868
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$30,204,819	\$18,189,222	\$48,394,041
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$54,782,729	\$34,770,228	\$89,552,957
c. Amount of active members' accumulated contributions	\$30,768,429	\$15,393,637	\$46,162,066

September 30, 2013

**CONFIDENTIAL**

Mrs. Celia B. Locke  
Executive Director  
City Pension Fund/Firefighters & Police Officers  
City of Miami Beach  
1691 Michigan Avenue, Suite 355  
Miami Beach, FL 33139-2573

**Actuarial Impact Statement for Ordinance Amendments to the City Pension Fund for Police Officers and Firefighters in the City of Miami Beach**

Dear Celia:

This letter provides the estimated actuarial impact of the changes as summarized in the proposed Ordinance relating to the City Pension Fund for Police Officers and Firefighters in the City of Miami Beach (Pension Fund) effective September 30, 2013.

Summarized below are the plan changes and the cost impact of these changes. The following changes will become effective September 30, 2013 unless otherwise stated below.

- The average monthly salary for members hired prior to July 14, 2010 and retiring on or before September 30, 2015 shall be based on the average of the two highest paid years of the member prior to the date of retirement or termination. Members hired prior to July 14, 2010 and retiring after September 30, 2015 shall be based on the average of the three highest paid years of the member prior to the date of retirement or termination. Members hired on or after July 14, 2010 but prior to September 30, 2013 shall be based on the average of the three highest paid years of the member prior to the date of retirement or termination. Members hired on or after September 30, 2013 shall be based on the average of the five highest paid years of the member prior to the date of retirement or termination.
- Members retiring after September 30, 2013 shall be entitled to receive upon retirement a monthly pension payable for life equal to (1) 3% of the members average monthly salary for each year of the member's first 20 years of creditable service computed on a pro rata basis to the nearest month, provided in no event shall a member's benefit multiplier for creditable service earned before October 1, 2013 be reduced plus (2) 4% of the members average monthly salary for each year of the member's creditable service in excess of 20 years computed on a pro rata basis to the nearest month.

- Members benefit shall not exceed 85% of the members average monthly salary provided however that benefit for May 1993 members shall not exceed 80% of their average monthly salary and provided also that any member who has an accrued benefit in excess of 85% of their average monthly salary on September 30, 2013 shall not exceed 90% of their average monthly salary.
- In addition to the rule of 70, members hired before July 14, 2010 must attain age 47 to be eligible for retirement and members hired on or after July 14, 2010 must attain age 48 to be eligible for retirement. Notwithstanding the preceding sentence, any police officer member hired pursuant to a consent decree may retire when the sum of the member's age and creditable service equals at least 70.
- Any member hired prior to July 14, 2010 who completes a buyback of prior creditable service prior to September 30, 2013 and reaches the maximum pension benefit of 85% of average monthly salary prior to attaining age 47 will have their contribution cease as of the date such employee reaches the 85% maximum pension benefit and his/her final average monthly salary will be frozen on the same date.
- If any member eligible for benefits terminates his/her employment on or after September 30, 2013 after having completed at least 5 years of creditable service but prior to attaining age 50 (or after having completed one year of creditable service, but before attaining age 55 and completing 10 years of creditable service for a May 1993 member), and does not withdraw his accumulated contributions in the System, such a member shall be entitled to receive upon attaining age 50 (age 55 of his termination of employment, if later, for a May 1993 member) a monthly pension payable for life.
- Members of the System hired prior to September 30, 2013 shall contribute 10% of their salary to the Pension Fund. Members of the System hired on or after September 30, 2013 shall contribute 10.5% of their salary to the Pension Fund.
- Members will no longer be able to purchase an additional multiplier or pre-employment public safety service as a police officer or firefighter.
- Effective September 30, 2013, members with at least 5 years of creditable service under the System may contribute an additional amount of 10% for those hired prior to July 17, 2013 and 10.5% for those hired on or after July 17, 2013 to receive credit for their pre-employment military service. A member may purchase up to two years of such pre-employment military service at a 3% multiplier for each year. The purchase of pre-employment military service must be completed the later of 36 months following September 30, 2013 or the date the member completes 5 years of creditable service.

- The benefits of members hired before July 14, 2010, and the beneficiaries of such members, shall be increased by 2.5 % annually, commencing on the anniversary date of the member's retirement, except that members who enter the DROP on or after September 1, 2012 and before September 30, 2013, and participate in the DROP for six months or longer shall receive a zero percent (0%) cost of living adjustment for the third (3<sup>rd</sup>) and fourth (4<sup>th</sup>) annual adjustment dates. The benefits of members hired on or after July 14, 2010, and the beneficiaries of such members, shall be increased by 1.5 % annually, commencing on the anniversary date of the member's retirement.
- Pensionable salary shall exclude overtime pay in excess of 300 hours per calendar year, payments used for unused sick and vacation leave, hazardous duty pay (when paid), payments relating to domestic partner tax credit reimbursement, and payments to police officer members for voluntarily participating in a physical fitness assessment program offered by the City.
- No creditable service shall be provided under this System for periods of service in another City retirement plan, nor shall any transfer of service or credit from another City retirement plan be allowed.
- Police officer member's compensation for off-duty services, in combination with overtime pay not exceeding 300 hours per calendar year, shall not exceed 11% of the highest annualized pay rate for the same salary rank that the member is in at the time of retirement. The 11% limitation shall not apply to any member who holds the rank of sergeant or lieutenant on September 30, 2013, or any police officer promoted to the rank of sergeant prior to the date the 2013 Certified Police Sergeant Promotional Register expires in 2015.

***Actuarial Impact***

The proposed changes will be enacted during fiscal year 2013, so changes to required contributions will be based on the October 1, 2012 actuarial valuation with funding to commence in fiscal 2014. The actuarial impact shown in this letter is based on the October 1, 2012 actuarial valuation.

Following is the actuarial impact of the proposed changes:

	<u>Current Plan</u>	<u>Proposed Plan</u>	<u>Change</u>
<b>Annual Cost</b>			
Normal Cost	\$15,069,445	\$13,828,117	(\$1,241,328)
Amortization	23,986,250	22,832,807	(1,153,443)
Interest Adjustment	3,297,845	3,106,263	(191,582)
Expected Service Buyback	2,778,819	127,363	(2,651,456)
Administrative Expense	<u>697,141</u>	<u>697,141</u>	<u>0</u>
<b>EOY Total Annual Cost</b>	<b>\$45,829,500</b>	<b>\$40,591,691</b>	<b>(\$5,237,809)</b>
Expected Member Contributions	\$4,631,365	\$4,631,365	\$0
Expected Share Plan Contributions	120,549	120,549	0
EOY Estimated City Contributions	<u>41,077,586</u>	<u>35,839,777</u>	<u>(\$5,237,809)</u>
<b>EOY Total Annual Cost</b>	<b>\$45,829,500</b>	<b>\$40,591,691</b>	<b>(\$5,237,809)</b>
<b>Annual Cost (as a % of Projected Payroll)</b>			
Total Required Contribution	98.95%	87.65%	(11.30%)
Expected Member Contributions	10.00%	10.00%	0%
Expected State Contributions	0.26%	0.26%	0%
Expected City Contributions	88.69%	77.39%	(11.30%)

The above impact assumes that State contributions available to offset the City's contribution (as provided by the share plan) will not be affected by these changes. The Division of Retirement will review the treatment of State contributions upon their review of the actuarial impact statement.



***Data, assumptions, Methods and Plan Provisions:***

The calculations contained in this study are based on the data, assumptions, methods and plan provisions used for the October 1, 2012 actuarial valuation of the System, with the following exceptions:

- Due to the cap in pensionable salary excluding overtime hours in excess of 300 hours, we expect there would be a change in the load for overtime and other pays used to compute pensionable pay from base pay. To reflect this, we changed the load for overtime and other pays from 18% to 16%.
- Eliminating the ability for service buybacks with the exception of military service will change the assumption used to determine expected buybacks. We change the assumption for expected buybacks from 6% per annum to 0.275% per annum.
- We have reflected the following extension of Ranges for Firefighter I, Police Officer, Sergeant of Police and Police Lieutenant effective April 1, 2015 (Proposed Maximum includes the 3% COLA payable on October 1, 2014 and 5% additional Step effective April 1, 2015 for eligible members)

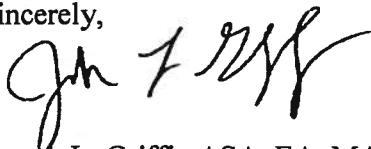
	Current Minimum	Current Maximum		Proposed Minimum	Proposed Maximum
Firefighter I – Day Shift	45,139.11	74,745.85		45,139.11	80,837.64
Police Officer	53,309.01	75,033.33		53,309.01	81,148.55
Police Sergeant	78,748.42	86,852.71		78,748.42	93,931.21
Police Lieutenant	86,852.71	100,532.31		86,852.71	108,725.69

***Actuarial Certification***

The calculation of the actuarial impact for the plan changes were performed in accordance with the standards of practice prescribed by the Actuarial Standards Board. I am a Member of the Academy of Actuaries and meet the Academy's qualification standards to issue this Statement of Actuarial Opinion.

Please let us know if you have any questions or need anything further.

Sincerely,



Joseph L. Griffin ASA, EA, MAAA, FCA  
Director, Consulting Actuary

cc: Mr. David Campbell – Buck Consultants/Atlanta  
Mr. Steward Sainvil – Buck Consultants/Atlanta